



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 28, 2009

AND

MANAGEMENT INFORMATION CIRCULAR

DATED March 26, 2009

**CELTIC EXPLORATION LTD.
500, 505 - 3rd Street S.W.
Calgary, Alberta
T2P 3E6**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual meeting (the “**Meeting**”) of the shareholders of Celtic Exploration Ltd. (the “**Corporation**”) will be held in the Grand Lecture Theatre of the Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, on Tuesday, April 28, 2009 at 3:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the year ended December 31, 2008 and the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at five;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration; and
5. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Information Circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

Only shareholders of record as of March 18, 2009, the record date, are entitled to receive notice of the Meeting.

DATED at Calgary, Alberta, this 26th day of March, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

“David J. Wilson”

President and Chief Executive Officer

IMPORTANT

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the by-laws of the Corporation, all proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Valiant Trust Company, Suite 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1, no later than 3:00 p.m. (Calgary time) on April 24, 2009 or on the second last business day preceding any adjournment of the Meeting.

CELTIC EXPLORATION LTD.

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON April 28, 2009

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Celtic Exploration Ltd. (“**Celtic**” or the “**Corporation**”) for use at the annual meeting of the holders of common shares (the “**Common Shares**”) of the Corporation to be held on the 28th day of April, 2009 at 3:00 p.m. (Calgary time), or at any adjournment thereof (the “**Meeting**”), for the purposes set forth in the Notice of Meeting. The information contained herein is given as of the 26th day of March, 2009, except where otherwise indicated. There is enclosed herewith a form of proxy for use at the Meeting, together with a copy of the Corporation’s Annual Report containing the financial statements of the Corporation to be presented at the Meeting. Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote in person or by proxy on matters to be considered.

APPOINTMENT AND REVOCATION OF PROXIES

Those shareholders desiring to be represented by proxy must deposit their respective forms of proxy with Valiant Trust Company (“**Valiant**”) at Suite 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 by no later than 3:00 p.m. (Calgary time) on April 24, 2009 or on the second last business day preceding any adjournment of the Meeting. A proxy must be executed by the shareholder or by his or her attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment of the Meeting.

Each shareholder submitting a proxy has the right to appoint a person to represent him, her or it at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. The shareholder may exercise this right by striking out the names of the persons so designated and inserting the name of the desired representative in the blank space provided, or by completing another form of proxy and in either case depositing the proxy with Valiant at the place and within the time specified above for the deposit of proxies.

A proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his or her attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized, and deposited with Valiant at the place and within the time specified above for the deposit of proxies. The close of business on March 18, 2009 is the record date for the determination of shareholders who are entitled to notice of, and to attend and vote at, the Meeting (the “**Record Date**”).

ADVICE TO BENEFICIAL HOLDERS OF SHARES

Shareholders who do not hold their Common Shares in their own name (referred to herein as “**beneficial shareholders**”) are advised that only proxies from shareholders of record can be recognized and voted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held, and directors and officers of the Corporation do not necessarily know for whose benefit the Common Shares registered in the name of any broker or agent are held. Beneficial shareholders who complete and return a form of proxy must indicate thereon the person (usually a brokerage house) who holds their Common Shares as a registered shareholder. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of shareholders’ meetings. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to beneficial shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. (“**Broadridge**”). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the beneficial shareholders and asks beneficial shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A beneficial shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

All references to shareholders in this Management Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record, unless specifically stated otherwise.

EXERCISE OF DISCRETION

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder where voting is by way of a show of hands or by ballot. **The persons appointed under the enclosed form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. If any such matters should come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in accordance with their best judgment unless the shareholder has specified to the contrary or that Common Shares are to be withheld from voting. At the time of printing this Management Information Circular, the management of the Corporation is not aware of any such amendment,**

variation, or other matter.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of the election of the nominees hereinafter set forth as directors of the Corporation (provided that in the event that a vacancy among such nominees occurs because of death or for any other reason prior to the Meeting, proxies shall not be voted with respect to such vacancy) and in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Corporation.

PERSONS MAKING THE SOLICITATION

This solicitation is made on behalf of the management of the Corporation. The cost incurred in the preparation and mailing of both the proxy and this Management Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefor.

In accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at March 26, 2009, Celtic had 41,306,170 issued and outstanding Common Shares. Each Common Share confers upon the holder thereof the right to one vote. Only those shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting. Any transferee or person acquiring Common Shares after the Record Date may, on proof of ownership of Common Shares, demand of Valiant not later than 10 days before the Meeting that his name be included in the list of persons entitled to attend and vote at the Meeting.

Two or more holders of ten (10%) percent of the Common Shares present in person or represented by proxy constitutes a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof no person or company beneficially owns, controls or directs, directly or indirectly, more than 10% of the voting rights attached to all of the issued and outstanding Common Shares of the Corporation other than as set forth below:

| Name and Province and Country of Residence | Type of Ownership | Number of Common Shares | Percentage of Outstanding Common Shares |
|--|--------------------------|-------------------------|---|
| David J. Wilson Alberta, Canada | Beneficial and of Record | 5,207,507 | 12.6% |

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee of the board of directors of the Corporation (the “**Board**”) makes recommendations to the Board regarding compensation to be provided to the executive officers and directors of the Corporation and, in doing so, receives input from the President and the Chief Executive Officer of the Corporation (the “**CEO**”) in respect of all executive officers other than the CEO. Compensation of all executive officers, including the CEO, is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

The Corporation’s executive compensation program is available to the Named Executive Officers of the Corporation which is defined by the securities legislation to mean each of the following individuals, namely: (i) the Chief Executive Officer of the Corporation; (ii) the Chief Financial Officer of the Corporation; (iii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under (iii) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year-end (the “**Named Executive Officer**”).

The objectives of the Corporation’s executive compensation program are twofold, namely: (i) to enable the Corporation to attract and retain highly qualified and experienced individuals to serve as Named Executive Officers; and (ii) to align the compensation levels available to the Named Executive Officers to the successful implementation of the Corporation’s strategic plans. The Corporation’s executive compensation program is designed to reward the Named Executive officers where they have contributed to the prosperity and growth of the Corporation.

The Corporation’s executive compensation program consists of a combination of the following significant elements, namely: base salary, the payment of bonuses where appropriate under the Bonus Plan (as hereinafter defined), participation in the Stock Option Plan (as hereinafter defined) and participation in the Stock Savings Plan (as hereinafter defined). These elements contain both short-term incentives, comprised of cash payments, being those provided by way of base salaries and under the Bonus Plan, as well as long-term incentives, comprised of equity-based incentives, being those provided under the Stock Option Plan and under the Stock Savings Plan. Extended health care, dental and insurance benefits are provided to all employees, including the Named Executive Officers. The process for determining perquisites and approval of benefits for the Named Executive Officers is, firstly, to implement perquisites and benefits which are comparable to those usually offered by other corporations of a similar size to the Corporation and secondly, to make those perquisites and benefits available to each Named Executive Officer, equally. The Corporation chooses to pay each element of its

executive compensation program in order to maintain its competitive position in the marketplace. The amount for each element of the Corporation's executive compensation program is determined based upon compensation levels provided by the Corporation's competitors as well as upon the discretion of the Board, where applicable, as described below. Each element of the Corporation's executive compensation program is intended to contribute to an overall total compensation package which is designed to provide both short-term and long-term financial incentives to the Named Executive Officers and to thereby assist the Corporation to successfully implement its strategic plans. The Compensation Committee annually assesses how each element fits into the overall total compensation package and makes recommendations to the Board relating thereto from time to time. After the Corporation's financial year ended December 31, 2008 the Corporation entered into written executive employment agreements with the Named Executive Officers. See the section herein entitled "Termination and Change of Control Benefits."

Base Salaries

Base salaries for the Named Executive Officers are reviewed annually and are set to be competitive with industry levels. In addition, in its annual review of base salaries, the Compensation Committee has regard to the contributions made by the Named Executive Officers, how their compensation levels relate to compensation packages that would be available to such officers from other employment opportunities and commercially available salary survey data and information publicly disclosed by some of the Corporation's competitors and peers. This enables the Corporation to establish base salaries which attract and retain highly qualified and experienced individuals. Other than as set out immediately above, the base salaries of the Named Executive Officers are not determined based on benchmarks, performance goals or a specific formula.

Bonus Plan

All regular full-time employees of Celtic, including the Named Executive Officers, are eligible participants in the bonus plan of the Corporation (the "**Bonus Plan**"). The Bonus Plan is designed to reward extraordinary performance of duties and contributions to the achieving of the Corporation's goals. The Bonus Plan consists of a discretionary component and a non-discretionary component. The discretionary component is based upon employee merit and the amount to be paid out thereunder, if any, is determined by the Board, taking into consideration the recommendations of the Compensation Committee. In making its recommendations to the Board, the Compensation Committee recognizes any extraordinary efforts that were made in enhancing the value of the Corporation's asset base and any extraordinary success that has been achieved in implementing the Corporation's business plans, including significant production and reserve additions. Other than the foregoing, recommendations with respect to the payment of bonuses under the discretionary component of the Bonus Plan are based on overall contribution and effort and are not based on a formula or previously prescribed guidelines. The non-discretionary component of the Bonus Plan is based upon the Corporation's performance, on a year over year basis, as determined by a combination of two benchmarks, namely: funds from operations per share and daily production per million shares outstanding. Each benchmark is weighted at 50%. Regular full-time employees, including the Named Executive Officers, are eligible to receive a bonus, equal to between a minimum of 15% (applicable to the Corporation's most junior employees) and a maximum of 40% (applicable to the Corporation's most senior employees) of the applicable employee's base salary.

Stock Option Plan

The stock option plan, as amended, (collectively the “**Stock Option Plan**”) of the Corporation was approved by the shareholders of the Corporation on April 24, 2007. The Stock Option Plan permits the granting of stock options to the Corporation’s employees, officers, directors and consultants for the purpose of developing the interest of the participants in the growth and development of the Corporation and to better enable the Corporation to attract and retain persons of desired experience and ability. The Stock Option Plan facilitates the alignment of the compensation levels of the Named Executive Officers to the successful implementation of the Corporation’s strategic plans by resultant increases in the price of the Common Shares. For a description of the process used by the Corporation to grant stock options, see the section herein entitled “Option-Based Awards”. Other than as set out therein, the number of options granted are not based on benchmarks, performance goals or a specific formula.

The Stock Option Plan provides that the aggregate number of Common Shares issuable pursuant to stock options granted under the Stock Option Plan and under any other security based compensation arrangement, if any, and issued to insiders within any one year period and, issuable to insiders, shall in either case, not exceed 10% of the issued and outstanding Common Shares at the time of the grant of any stock option. In addition, the Stock Option Plan provides that the maximum number of Common Shares issuable pursuant to stock options granted shall not exceed 10% of the aggregate number of issued and outstanding Common Shares. The Stock Option Plan provides for the exercise price to be determined by the Board provided that the exercise price of the options may not be less than that permitted by the Toronto Stock Exchange (the “**TSX**”) on the last business day preceding the date of grant, or, if elected by the Board, the weighted average trading price of the Common Shares traded during the five trading days preceding the date of grant. Substantially all of the Corporation’s stock options have been granted so as to vest in equal one-third amounts over the first three years of the five year term thereof.

Participation in the Stock Option Plan is voluntary. In order to constitute a valid stock option under the Stock Option Plan, the participant and the Corporation must enter into a valid option agreement in a form acceptable to the Board. Stock options granted under the Stock Option Plan will be for a term of no longer than five years after granting of an option. The interest of any optionee under the Stock Option Plan is not transferable or alienable by the optionee either by assignment or in any manner, during the optionee’s lifetime. If any optionee ceases to be a participant as a result of permanent physical or mental disability or death, then, to the extent vested, options may be exercised for a period of one year thereafter. If an optionee ceases to be a participant for reasons other than permanent physical or mental disability or death and is terminated without notice or entitlement to notice or compensation in lieu thereof, the optionee may exercise the option, to the extent they have vested as of the date of ceasing to be a participant. If the optionee ceases to be a participant for any reasons other than as described above, the optionee may exercise the option, to the extent they have vested, when reasonable notice has been given, on the date the optionee ceases to be a participant and when compensation is paid in lieu of notice, for 21 days after the date the optionee ceases to be a participant. In the event of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise or in the event of any other change in the Common Shares, the Board may proportionately adjust the number of Common Shares that may be issued under existing option agreements. In the event of a change of control, all unexercised and unvested outstanding stock options shall immediately vest and be exercisable, but may only be purchased for tender to the subject transaction. If the subject transaction is not completed any Common Shares issued and tendered to the transaction shall

be deemed to be cancelled and returned to treasury. Each participant may exercise a put right to require the Corporation to purchase all or part of the then vested stock options which it may hold, provided, however, that the Corporation may at its sole discretion decline to accept and accordingly, have no obligations with respect to the exercise of the put right from time to time.

The Stock Option Plan also provides for the extension of the expiry date of any stock option which would otherwise expire during a "black-out period" for 10 business days from the date that any "black-out period" ends and for a general amendment provision which is in compliance with the requirements of the TSX. The Stock Option Plan also provides that the Board may, in its sole discretion and without further approval of the shareholders of the Corporation, amend, suspend, terminate or discontinue the Stock Option Plan and may amend the terms and conditions of stock options granted under the Stock Option Plan, subject to any required approval of any regulatory authority or the TSX. Disinterested shareholder approval will be required for any reduction in the exercise price or the expiry date of stock options granted to insiders. The approval of the shareholders of the Corporation will be required for future amendments to the Stock Option Plan which amend the number of Common Shares issuable pursuant to stock options issued thereunder, which add any form of financial assistance by the Corporation for the exercise of a stock option or which change the class of participants which may broaden or increase participation by insiders of the Corporation.

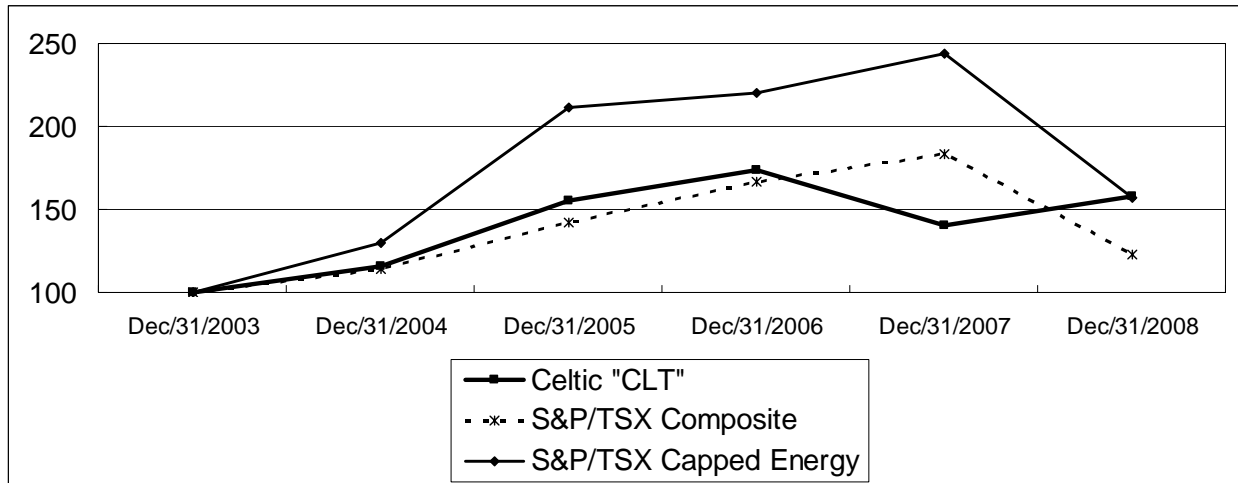
As of the date hereof (i) the Corporation has issued under the Stock Option Plan stock options pursuant to which 3,229,428 Common Shares are issuable which represents 7.8% of the currently outstanding Common Shares; and (ii) there remains for issuance under the Stock Option Plan stock options pursuant to which 901,189 Common Shares may be issued which represent 2.2% of the currently outstanding Common Shares.

Stock Savings Plan

Effective as of January 1, 2008 the directors of the Corporation approved an employee stock savings plan (the "**Stock Savings Plan**") under which all employees of the Corporation, including the Named Executive Officers, may participate. The purpose of the Stock Savings Plan is to make available to the Corporation's employees a means of acquiring, through regular payroll deductions and the Corporation's matching contribution, Common Shares so that participating employees can have the opportunity to benefit from the growth in the value of the Corporation. In January 2008 the Corporation contributed a one-time lump sum in an amount based upon a percentage of the aggregate base salary for 2007 for all Stock Savings Plan participants which amount was used by the trustee under the Stock Savings Plan to purchase Common Shares through the facilities of the TSX pursuant to the Stock Savings Plan for and on behalf of the participating employees thereunder, including the Named Executive Officers. All employees who become participants contribute, on a semi-monthly basis, the following amounts, namely: for each participant who has been an employee for up to but not more than one year, 5% of such participant's base salary, for each participant who has been an employee for more than one but not more than two years, 6% of such participant's base salary, for each participant who has been an employee for more than two but not more than three years, 7% of such participant's base salary, for each participant who has been an employee for more than three but not more than four years, 8% of such participant's base salary, for each participant who has been an employee for more than four but not more than five years, 9% of such participant's base salary and for each participant who has been an employee for five years or more, 10% of such participant's base salary.

Performance Graph

The following graph illustrates cumulative shareholder return, as measured by the closing price of the Common Shares at the end of each financial year indicated, assuming an initial investment of \$100 on December 31, 2003, compared to the S&P/TSX Composite Index and the S&P TSX Capped Energy Index^[m1].



| | Dec. 31, 2003 | Dec. 31, 2004 | Dec. 31, 2005 | Dec. 31, 2006 | Dec. 31, 2007 | Dec. 31, 2008 | Average Annual Return |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|
| Celtic Common Shares | 100 | 116 | 155 | 174 | 140 | 158 | 9.6% |
| S&P/TSX Composite Index | 100 | 114 | 142 | 167 | 183 | 123 | 4.2% |
| S&P/TSX Capped Energy Index | 100 | 130 | 211 | 220 | 244 | 157 | 9.4% |

The trend shown in the foregoing graph compares to the trend in the Corporation's compensation of its Named Executive Officer over the same period. During the period from December 31, 2003 to December 31, 2006, the compensation of the Named Executive Officers generally increased, in accordance with the performance of the Corporation's cumulative shareholder return compared to the indexes set out in the foregoing graph. During the period from December 31, 2006 to December 31, 2007, the amount of the payments under the Bonus Plan to the Named Executive Officers was decreased from amounts paid in the immediately preceding two years, which reflected the Corporation's relative cumulative shareholder return for that year. During this period, however, base salaries were increased, following the annual review thereof by the Compensation Committee, in order to be competitive with industry levels. For the period December 31, 2007 to December 31, 2008, the amount of the total compensation of the Named Executive Officers increased, again, corresponding to the relative performance of the price of the Common Shares for that period.

Option-Based Awards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, and the factors that are taken into account when considering new grants under the Stock Option Plan, is based upon a number of criteria, including the performance of the executive officers, the number of stock options available for grant under the Stock Option Plan, the number of stock options anticipated to be required to

meet the future needs of the Corporation, as well as the number of stock options previously granted to each of the Named Executive Officers. It is the full Board, as opposed to the Compensation Committee, which determines the need for any amendments to the Stock Option plan and it is the full Board which determines the number of stock option grants to be made under the Stock Option Plan. The CEO frequently provides input and recommendations to the Board regarding the granting of stock options, from time to time. The CEO, in turn, and where appropriate, also obtains input from other executive officers of the Corporation when providing his input and recommendations. Other than as set out immediately above, the grant of option-based awards is not determined based on benchmarks, performance goals or a specific formula.

Summary Compensation Table

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Corporation for the most recently completed financial year. The following table sets forth, for each Named Executive Officer, for the financial year ended December 31, 2008, a summary of total compensation:

| Name and principal position | Year | Salary ⁽⁵⁾ (\$) | Option-based awards ⁽¹⁾ (\$) | Non-equity incentive plans ⁽²⁾ (\$) | All other compensation (\$) ^{(3) (4)} | Total compensation (\$) |
|---|------|-------------------------------|--|---|---|----------------------------|
| David J. Wilson, President and Chief Executive Officer ⁽⁶⁾ | 2008 | 189,790 | 332,393 | 61,682 | 18,979 | 602,844 |
| Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer | 2008 | 175,761 | 277,070 | 52,728 | 17,576 | 523,135 |
| Alan G. Franks Vice President, Operations | 2008 | 163,125 | 184,951 | 48,937 | 16,312 | 413,325 |
| Michael R. Shea, Vice President, Land | 2008 | 163,125 | 264,263 | 48,937 | 16,312 | 492,637 |
| David Morgenstern, Vice President, Exploration | 2008 | 158,558 | 215,600 | 47,567 | 12,684 | 434,409 |

Notes:

- (1) The value of the option-based awards represents the fair value of stock options granted on July 21, 2008 and November 13, 2008 and is based on a share price of \$17.04 and \$11.95, respectively, using the Black-Scholes option pricing model. The option grant fair value reflects an expected life of three years for the options as well as assumptions for volatility, risk-free interest and dividend yield. The aggregate number of options held by each of the Named Executive Officers, including the number of options granted to each Named Executive Officer during the financial year ended December 31, 2008, is set out in the table under the heading entitled "Incentive Plan Awards".
- (2) Amounts paid under the Bonus Plan, which were earned during 2008 and paid in 2009.
- (3) The value of perquisites and benefits for each Named Executive Officer is less than \$50,000 and less than 10% of each Named Executive Officer's total salary for the financial year ended December 31, 2008.
- (4) Amounts paid by the Corporation as matching contributions under the Stock Savings Plan.
- (5) Includes all amounts paid by the Named Executive Officers through regular payroll deductions under the Stock Savings Plan.
- (6) Mr. Wilson also serves as a director of the Corporation. All of the compensation paid to Mr. Wilson relates to his position as a Named Executive Officer and none of the compensation paid to Mr. Wilson relates to his role as a director.

- (7) Each of the Named Executive Officers is a party to an executive employment agreement with the Corporation. See the section herein entitled "Termination and Change of Control Benefits."

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2008 to the Named Executive Officers of the Corporation.

| Name | Option-based Awards | | | | Value of unexercised in-the-money options ⁽¹⁾ (\$) |
|--|---|----------------------------|------------------------|---------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | | |
| David J. Wilson, President and Chief Executive Officer | 25,000 | 10.60 | Mar.30,2010 | 50,250 | |
| | 25,000 | 12.25 | Jan.10, 2011 | 9,000 | |
| | 50,000 | 12.96 | April 27, 2012 | - | |
| | 35,000 | 12.30 | Aug.17, 2012 | 10,850 | |
| | 68,750 | 17.04 | Jul.21, 2013 | - | |
| | 50,000 | 11.95 | Nov.13, 2013 | 33,000 | |
| Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer | 25,000 | 10.60 | Mar.30,2010 | 50,250 | |
| | 25,000 | 12.25 | Jan.10, 2011 | 9,000 | |
| | 18,000 | 12.60 | Nov.20, 2011 | 180 | |
| | 50,000 | 12.96 | April 27, 2012 | - | |
| | 35,000 | 12.30 | Aug.17, 2012 | 10,850 | |
| | 50,750 | 17.04 | Jul.21, 2013 | - | |
| Alan G. Franks Vice President, Operations | 8,334 | 12.25 | Jan.10, 2011 | 3,000 | |
| | 12,000 | 12.60 | Nov.20, 2011 | 120 | |
| | 27,778 | 12.96 | Apr.27, 2012 | - | |
| | 35,000 | 12.30 | Aug.17, 2012 | 10,850 | |
| | 20,778 | 17.04 | Jul.21, 2013 | - | |
| | 50,000 | 11.95 | Nov.13, 2013 | 33,000 | |
| Michael R. Shea, Vice President, Land | 25,000 | 10.60 | Mar.30, 2010 | 50,250 | |
| | 25,000 | 12.25 | Jan.10, 2011 | 9,000 | |
| | 18,000 | 12.60 | Nov.20, 2011 | 180 | |
| | 41,667 | 12.96 | Apr.27, 2012 | - | |
| | 35,000 | 12.30 | Aug.17, 2012 | 10,850 | |
| | 46,583 | 17.04 | Jul.21, 2013 | - | |
| David Morgenstern, Vice President, Exploration | 30,000 | 7.75 | Sep.9, 2009 | 145,800 | |
| | 25,000 | 8.65 | Nov.5, 2009 | 99,000 | |
| | 25,000 | 10.60 | Mar.30, 2010 | 50,250 | |
| | 25,000 | 12.25 | Jan.10, 2011 | 9,000 | |
| | 18,000 | 12.60 | Nov.20, 2011 | 180 | |
| | 30,750 | 17.04 | Jul.21, 2013 | - | |
| | 50,000 | 11.95 | Nov.13, 2013 | 33,000 | |

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2008 of \$12.61.

Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2008 of option-based awards for Named

Executive Officers of the Corporation if the options under the option-based award had been exercised on the vesting date.

| Name | Number of options vested during the year (#) | Exercise price of options (\$) | Vesting date | Closing price of Common Shares on vesting date (\$) | Value (implied gain if option was exercised) vested during the year (\$) |
|---|--|--------------------------------|----------------|---|--|
| David J. Wilson, President and Chief Executive Officer | 8,334 | 10.60 | Mar. 30, 2008 | 15.48 | 40,670 |
| | 8,333 | 12.25 | Jan. 10, 2008 | 11.75 | 0 |
| | 16,667 | 12.96 | Apr. 27, 2008 | 16.70 | 62,335 |
| | 11,667 | 12.30 | Aug. 17, 2008 | 15.50 | 37,334 |
| Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer | 8,334 | 10.60 | Mar. 30, 2008 | 15.48 | 40,670 |
| | 8,333 | 12.25 | Jan. 10, 2008 | 11.75 | 0 |
| | 6,000 | 12.60 | Nov. 20., 2008 | 10.00 | 0 |
| | 16,667 | 12.96 | Apr. 27, 2008 | 16.70 | 62,335 |
| | 11,667 | 12.30 | Aug. 17, 2008 | 15.50 | 37,334 |
| Alan G. Franks Vice President, Operations | 8,334 | 10.60 | Mar. 30, 2008 | 15.48 | 40,670 |
| | 8,333 | 12.25 | Jan. 10, 2008 | 11.75 | 0 |
| | 6,000 | 12.60 | Nov. 20, 2008 | 10.00 | 0 |
| | 13,889 | 12.96 | Apr. 27, 2008 | 16.70 | 51,945 |
| | 11,667 | 12.30 | Aug. 17, 2008 | 15.50 | 37,334 |
| Michael R. Shea, Vice President, Land | 8,334 | 10.60 | Mar. 30, 2008 | 15.48 | 40,670 |
| | 8,333 | 12.25 | Jan. 10, 2008 | 11.75 | 0 |
| | 6,000 | 12.60 | Nov. 20, 2008 | 10.00 | 0 |
| | 13,889 | 12.96 | Apr. 27, 2008 | 16.70 | 51,945 |
| | 11,667 | 12.30 | Aug. 17, 2008 | 15.50 | 37,334 |
| David Morgenstern, Vice President, Exploration | 8,334 | 10.60 | Mar. 30, 2008 | 15.48 | 40,670 |
| | 8,333 | 12.25 | Jan. 10, 2008 | 11.75 | 0 |
| | 6,000 | 12.60 | Nov. 20, 2008 | 10.00 | 0 |

Pension Plan Benefits

The Corporation does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement. The Corporation does not have a deferred compensation plan.

Termination and Change of Control Benefits

Other than as described herein, the Corporation does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities. As of March 4, 2009, the Corporation entered into written executive employment agreements with each of the Named Executive Officers of the Corporation. Each of these written agreements provides that in the event of a change of control of the Corporation, or a termination without just cause, each of the Named Executive Officers is entitled to the following payments, namely: (i) the amount of fifteen months of the then applicable base salary, less required withholdings; (ii) an amount equal to the total of any bonus monies received by or otherwise earned but not yet paid to the Named Executive Officer from the Corporation during the two calendar years immediately prior to the effective date of the change of control or the termination without just cause, divided by two; and (iii) an amount equal to 20% of the Named Executive Officer's then applicable base salary, representing the Corporation's cost of providing benefits to the Named Executive Officer during the fifteen months immediately prior to the effective date of the change of control or the termination without just cause, provided that the Named Executive Officer has provided a written resignation of all offices and director positions

held in the Corporation and has delivered to the Corporation a duly executed full and final release in favour of the Corporation, in a form reasonably satisfactory to the Corporation. The basis for selecting the foregoing events which trigger such payments is the Board's determination of comparable terms prevailing in the marketplace in which the Corporation competes. The written agreements provide that the Named Executive Officers shall provide the Corporation with thirty days notice of the termination of his employment. The written agreements also provide that the Corporation shall reimburse the Named Executive Officers for all reasonable business expenses incurred in the performance of his duties on behalf of the Corporation. The written agreements further provide that the Named Executive Officers will not, for a period of twelve months after the effective date of his termination of employment, solicit any employees of the Corporation to become an employee of any enterprise that competes with the Corporation. The estimated incremental payments, payables and benefits which might be paid by the Corporation for the five Named Executive Officers of the Corporation, assuming a change of control or termination without just cause occurred on the last business day of the most recently completed financial year of the Corporation, would be, in aggregate, approximately \$1,503,126.

Director Compensation

Summary Compensation

The following table sets forth information in respect of all amounts of compensation provided to the directors of the Corporation for the Corporation's financial year ended December 31, 2008.

| Name | Fees earned (\$) | Option-based awards⁽¹⁾ (\$) | Total (\$) |
|-------------------|-------------------------|---|-------------------|
| Robert J. Dales | nil | 38,419 | 38,419 |
| William C. Guinan | nil | 38,419 | 38,419 |
| Eldon A. McIntyre | nil | 38,419 | 38,419 |
| Neil G. Sinclair | nil | 38,419 | 38,419 |

Notes:

- (1) The value of the option-based awards represents the fair value of stock options granted on July 21, 2008 and is based on a share price of \$17.04 using the Black-Scholes option pricing model. The option grant fair value reflects an expected life of three years for the options as well as assumptions for volatility, risk-free interest and dividend yield. The aggregate number of options held by each of the directors of the Corporation, including the number of options granted to each director of the Corporation during the financial year ended December 31, 2008, is set out in the table under the heading entitled "Outstanding Share-Based Awards and Option – Based Awards".
- (2) Compensation information for David J. Wilson, President, CEO and a director of the Corporation has been previously provided herein under the section entitled "Summary Compensation Table".

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the Corporation's financial year ended December 31, 2008 to the directors of the Corporation.

| Option-based Awards | | | | |
|----------------------------|--|-----------------------------------|----------------------------------|---|
| Name | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options⁽¹⁾ (\$) |
| Robert J. Dales | 37,500 12,500 | 12.40 17.04 | August 17, 2012 July 21, 2013 | 11,625 - |
| William C. Guinan | 37,500 12,500 | 12.30 17.04 | August 17, 2012 July 21, 2013 | 11,625 - |
| Eldon A. McIntyre | 37,500 12,500 | 12.30 17.04 | August 17, 2012 July 21, 2013 | 11,625 - |
| Neil G. Sinclair | 37,500 12,500 | 12.30 17.04 | August 17, 2012 July 21, 2013 | 11,625 - |

Notes:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX on December 31, 2008 of \$12.61.
- (2) Commencing in 2008, the Compensation Committee of the Board adapted a practice of considering, and if appropriate, recommending, subject to approval of the Board, an annual grant of 12,500 stock options to each director who is not a Named Executive Officer, subject to the terms and conditions of the Stock Option Plan and subject to the criteria set out herein under the section entitled "Option-Based Awards," as applicable.
- (3) Compensation information for David J. Wilson, President, CEO and a director of the Corporation has been previously provided herein under the section entitled "Incentive Plan Awards".

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2008 of option-based awards for directors of the Corporation if the options under the option-based awards had been exercised on the vesting date.

| Name | Number of options vested during the year (\$) | Exercise price of options (\$) | Vesting date | Closing price of shares on vesting date (\$) | Value (implied gain if option was exercised) vested during the year (\$) |
|-------------------|--|---------------------------------------|---------------------|---|---|
| Robert J. Dales | 12,500 | 12.30 | Aug. 17, 2008 | 15.50 | 40,000 |
| William C. Guinan | 12,500 | 12.30 | Aug. 17, 2008 | 15.50 | 40,000 |
| Eldon A. McIntyre | 12,500 | 12.30 | Aug. 17, 2008 | 15.50 | 40,000 |
| Neil G. Sinclair | 12,500 | 12.30 | Aug. 17, 2008 | 15.50 | 40,000 |

Note:

- (1) Compensation information for David J. Wilson, President, CEO and a director of the Corporation has been previously provided herein under the section entitled "Incentive Plan Awards".

Equity Compensation Plan Information

The following table provides details as at December 31, 2008 with respect to all compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein) |
|---|--|--|---|
| Equity compensation plans approved by securityholders ⁽¹⁾ | 3,229,428 | \$12.96/share | 901,189 |
| Equity compensation plans not approved by securityholders | Nil | N/A | N/A |
| Total | 3,229,428 | \$12.96/share | 901,189 |

Note:

(1) The Stock Option Plan provides that the maximum number of Common Shares issuable pursuant to stock options issued and outstanding under the Stock Option Plan shall not exceed 10% of the aggregate number of issued and outstanding Common Shares at the time of the grant of any stock option.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former executive officer, director or employee of the Corporation, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation, nor, at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Management Information Circular the disclosure required under Form 58-101F1 with respect to the matters set out under National Policy 58-201 *Corporate Governance Guidelines*.

1. Board of Directors

Celtic's Board, which has the statutory responsibility to oversee the conduct of the business of the Corporation and to supervise management, who are responsible for the daily conduct of the business of the Corporation, is comprised of five directors, of which four are independent and accordingly a majority of the directors are independent. A director is independent if he or she would be independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*. The independent directors are Robert J. Dales, William C. Guinan, Eldon A. McIntyre and Neil G. Sinclair. The CEO of the Corporation, David J. Wilson, is not independent by virtue of being an executive officer of the Corporation. Mr. Dales is presently a director of another reporting issuer, namely Arcan Resources Ltd. During the year ended December 31, 2008 the independent directors of the Corporation did not hold any regularly scheduled meetings at which non-independent directors and members of management were not in

attendance. Mr. Guinan is the chair of the Board and is independent. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors. Since the beginning of the financial year ended December 31, 2008, all directors other than Robert J. Dales attended all five meetings held by the Board and Robert J. Dales attended four of the five meetings held by the Board.

2. Board Mandate

The text of the Board's written mandate (the "**Board Mandate**") is attached hereto as Schedule "A".

3. Position Descriptions

The Board has developed written position descriptions for the chair of the Board and for the chair of each Board committee. The Board together with the CEO has developed a written position description for the CEO the text of which is available from the Corporation on request.

The Board has established the following Board committees comprised of the members and chaired by the individuals set out in the following table:

| Committee | Members | Independent |
|------------------------|---|--------------------|
| Audit Committee | Robert J. Dales, Chair Eldon A. McIntyre Neil G. Sinclair | Yes Yes Yes |
| Compensation Committee | Neil G. Sinclair, Chair Robert J. Dales Eldon A. McIntyre | Yes Yes Yes |
| Disclosure Committee | William C. Guinan, Chair Neil G. Sinclair David J. Wilson | Yes Yes No |
| Reserves Committee | Eldon A. McIntyre, Chair Robert J. Dales David J. Wilson | Yes Yes No |

4. Orientation and Continuing Education

The Corporation has developed an orientation program for new directors as set out in the Corporation's director's manual ("**Director's Manual**") which contains information regarding the roles and responsibilities of the Board, each Board committee, the Board chair, the chair of each Board committee and the CEO of the Corporation. The Director's Manual contains information regarding the nature and operation of the Corporation's business, its organizational structure, governance policies including the Board Mandate and each Board committee mandate, and the Corporation's code of business conduct and ethics. The Director's Manual is to be updated as the Corporation's business, governance documents and policies change. The Corporation arranges for presentations to be made to the Board to inform directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

5. Ethical Business Conduct

The Corporation has adopted a written code of business conduct and ethics (the “**Code**”) for the Corporation’s directors, officers and employees. The Board does not monitor compliance with the Code, but it encourages following the Code by making it widely available. It is distributed to directors in the Director’s Manual and to officers, employees and consultants at the commencement of their employment or consultancy, it is posted in gathering places at the office and work places of the Corporation and is available under the Corporation’s profile on the SEDAR website at www.sedar.com. The Code reminds those engaged in service to the Corporation that they are required to report perceived or actual violations of the law, violations of the Corporation’s policies, dangers to health, safety and the environment, risks to the Corporation’s property, and accounting or auditing irregularities to the chair of the Audit Committee who is an independent director of the Corporation. In addition to requiring directors, officers and employees to abide by the Code, the Corporation encourages consultants, service providers and all parties who engage in business with the Corporation to contact the chair of the Audit Committee of the Corporation regarding any perceived and all actual breaches by the Corporation’s directors, officers and employees of the Code. The chair of the Audit Committee of the Corporation is responsible for investigating complaints, presenting complaints to the applicable Board committee or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of the Audit Committee of the Corporation will advise the complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing. In addition to the Code, the Corporation has an Audit Committee Mandate and a Whistleblower Policy with respect to accounting and auditing irregularities. Since the beginning of the Corporation’s most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code. The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Board is required by the Board Mandate to satisfy itself that the CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Corporation. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. The Board Mandate requires that directors and executive officers disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Corporation, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and executive officers to each other and the Corporation, in considering transactions and agreements in respect of which directors and executive officers have an interest. Any director, officer or employee of the Corporation who violates the Code may face disciplinary action up to and including termination of their office or employment with the Corporation for just cause without notice or payment in

lieu of notice.

6. Nomination of Directors

The Board does not have a nominating committee and responsibility for identifying new candidates to join the Board belongs to the Board as a whole. The Board is responsible for identifying qualified candidates, recommending nominees for election as directors and appointing directors to committees. The Board is requested to objectively consider the independence of candidates, financial acumen, skills and available time to devote to the duties of the Board in making their recommendations for nomination to the Board. The Board reviews the composition and size of the Board and tenure of directors in advance of annual general meetings when directors are most commonly elected by the Corporation's shareholders, as well as when individual directors indicate that their terms may end or that their status may change. The Board encourages all directors to participate in considering the need for and in identifying and recruiting new nominees for the Board. In doing so, the directors are requested by the Board to have regard to the skill sets which are deemed, from time to time, to be most desired in proposed nominees for the Board.

7. Compensation

The Corporation has a Compensation Committee which annually determines the compensation to be received by the Corporation's directors and the Named Executive Officers. The Compensation Committee is comprised entirely of independent directors. Compensation is determined in the context of the Corporation's strategic plan, the Corporation's growth, shareholder returns and other achievements and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the Board chair and the chair of each Board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to the Corporation. The compensation of directors, the CEO and executive officers of competitors are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

8. Other Board Committees

Other than the Audit Committee and the Compensation Committee, the only other standing committees of the Board are the Disclosure Committee and the Reserves Committee. The function of the Disclosure Committee is to ensure that the written and oral communications by the Corporation to the public and to applicable regulatory authorities are disseminated in a timely and factually accurate manner and to assist the Corporation in maintaining and complying with its disclosure policy. The function of the Reserves Committee is to meet with the Corporation's independent reserves evaluation engineers, at least annually, to discuss the evaluation of the Corporation's reserves and to assist the Corporation in fulfilling its duties and obligations under National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

9. Assessments

In addition to determining compensation, the Compensation Committee is responsible for conducting an annual evaluation and assessment of the performance, contribution and

effectiveness of individual directors, the Board chair and each Board committee chair, each Board committee and the Board as a whole. The evaluation and review includes a Board questionnaire which asks directors to identify their own skills, their contributions to the Board and Board committees and to rate their effectiveness, as well as a peer review questionnaire which asks directors to rate the contributions and effectiveness of their fellow Board members. The annual review also asks directors to provide feedback on the Board Mandate, the Corporation's charters, the Code and other policies. The Compensation Committee is required to prepare a report on the information gathered pursuant to the annual assessment, the results of which are then presented to the Board in order to engage in a discussion regarding Board effectiveness and how to improve Board effectiveness.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of them is or was indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as described in this Management Information Circular under the heading "Election of Directors".

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than set forth in this Management Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction which has materially affected or would materially affect the Corporation.

AUDIT COMMITTEE

Under National Instrument 52-110 *Audit Committees*, the Corporation is required to include in its Annual Information Form ("**AIF**") the disclosure required under Form 52-110F1 with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor and to include in its management information circular a cross-reference to the sections in the AIF that contain the required information. Celtic's disclosure with respect to the foregoing is contained in the section of the AIF dated March 26, 2009 entitled "Audit Committee".

MATTERS TO BE ACTED UPON AT MEETING

1. Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of the

Corporation for the year ended December 31, 2008 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

2. Fixing Number of Directors and Election of Directors

The Corporation is required to have a minimum of three and a maximum of eleven directors. The Board presently consists of five directors, each of whose term expires at the Meeting. At the Meeting, shareholders will be asked to fix the number of directors to be elected at the Meeting at five and to elect the nominees named below to serve as directors until the next annual meeting or until their successors are duly elected or appointed. All proposed nominees have consented to be named in this Information Circular and to serve as directors, if elected.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, their principal occupation, the period served as a director and the number of voting Common Shares that each proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the Record Date. The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

| Name and Province and Country of Residence | Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽¹⁾ | Director Since | Principal Occupation |
|---|---|----------------|---|
| Robert J. Dales ⁽²⁾⁽⁴⁾⁽⁶⁾ Alberta, Canada | 546,667 | April 2002 | President, Valhalla Ventures Inc., a private investment corporation from January 1999 to the present. President of Desco Exploration Ltd. (now Celtic) from April 2002 until September 2002 and from June 2005 to January 2007, President of Desco Energy Ltd., a corporation engaged in oil and gas exploration and production. |
| William C. Guinan ⁽⁵⁾ Alberta, Canada | 244,667 | April 2002 | Partner, Borden Ladner Gervais LLP, a law firm. |
| Eldon A. McIntyre ⁽²⁾⁽⁴⁾⁽⁶⁾ Alberta, Canada | 2,275,783 ⁽³⁾ | September 2002 | President, Jarrod Oils Ltd., a private Alberta corporation engaged in oil and gas exploration and production, from the late 1970's to the present. |
| Neil G. Sinclair ⁽²⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada | 637,334 | April 2002 | President, Sinson Investments Ltd., a private British Columbia corporation engaged in property development, from 1973 to the present. |
| David J. Wilson ⁽⁵⁾⁽⁶⁾ Alberta, Canada | 5,207,507 ⁽⁷⁾ | September 2002 | President and Chief Executive Officer of Celtic. Prior thereto President of Vintage Petroleum Canada, Inc., an oil and gas exploration and production corporation, from May 2001 to May 2002 and President and Chief Executive Officer of Genesis Exploration Ltd., an oil and gas exploration and production corporation, from 1992 to May 2001. |

Notes:

- (1) In addition to the Common Shares beneficially owned, controlled or directed, directly or indirectly, the nominees for director hold an aggregate 453,750 stock options.
- (2) Member of the Audit Committee. The Corporation is required to have an audit committee pursuant to the *Business Corporations Act (Alberta)*.
- (3) Mr. McIntyre controls Eldon Investments Inc. which owns 112,935 of these shares and is a trustee of the McIntyre Family Trust which owns 800,000 of these shares.
- (4) Member of the Compensation Committee.
- (5) Member of the Disclosure Committee.
- (6) Member of the Reserves Committee.
- (7) Mr. Wilson controls 710719 Alberta Inc. which owns 447,100 of these shares and is a trustee of the David and Penny Wilson Family Foundation which owns 20,500 of these shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity. In addition, none of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. None of the persons who are proposed directors of the Corporation have, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets. None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

The persons named in the enclosed form of proxy intend to have nominated and to vote for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, of Calgary, Alberta as auditors of the Corporation to hold such office until the next annual meeting of the Corporation and to authorize the Board to fix the remuneration to be paid to the auditors.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on the SEDAR website at www.sedar.com. Financial information relating to Celtic is provided in the Corporation's financial statements and management discussion and analysis ("**MD&A**") for

the financial year ended December 31, 2008. Shareholders may contact the Corporation to request copies of the financial statements and MD&A by: (i) mail to Suite 500, 505 - 3rd Street S.W., Calgary, Alberta Canada T2P 3E6; or (ii) fax to (403) 201-9163.

Schedule "A"

CELTIC EXPLORATION LTD. (the "Corporation")

BOARD MANDATE

(National Policy 58-201 *Corporate Governance Guidelines*)

1. **The Board of Directors of the Corporation ("Board") is responsible for:**
 - (a) stewardship of the Corporation;
 - (b) supervising the management of the business and affairs of the Corporation; and
 - (c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making.

2. **The Board has the responsibility to:**
 - (a) act honestly and in good faith with a view to the best interests of the Corporation;
 - (b) exercise the care, diligence and skill that a reasonably prudent Board would exercise in comparable circumstances; and
 - (c) direct management to ensure legal, regulatory and exchange requirements applicable to the Corporation have been met.

3. **A majority of the Board will, at all times, be independent directors as defined in then current laws applicable to the Corporation.**

4. **To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.**

5. **The Board is responsible to:**
 - (a) meet in person, or in exceptional circumstances by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;
 - (b) hold meetings of the independent directors without management and non-independent directors present; and
 - (c) comply with the position description applicable to individual directors.

6. **The Board is responsible to annually select a member of the Board, whether or not that member is independent, to serve as Board chair, or if the Chief Executive Officer of the Corporation (the "CEO") is also the Board chair, a lead director to:**
 - (a) provide leadership to the independent directors;
 - (b) manage the affairs of the Board; and
 - (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

7. **The Board is responsible to:**
 - (a) establish such committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board;

- (b) appoint directors to serve as members of each committee;
- (c) appoint a chair of each committee to:
 - (i) provide leadership to the committee;
 - (ii) manage the affairs of the committee; and
 - (iii) ensure that the committee functions effectively in fulfilling its duties to the Board and the Corporation; and
- (d) regularly receive and consider reports and recommendations of each committee, in particular:
 - (i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit; and
 - (ii) Compensation Committee recommendations regarding corporate goals and objectives, Board assessments and compensation.

8. The Board is responsible to:

- (a) select and appoint the CEO and with the assistance of the Compensation Committee, establish CEO goals and objectives and evaluate CEO performance; and
- (b) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance.

9. The Board is responsible to:

- (a) annually review and either approve or require revisions to the mandates of the Board and each Board committee, position descriptions, the code of business conduct and ethics (the "**Code**") and all other policies of the Corporation (collectively the "**Governance Documents**");
- (b) take reasonable steps to satisfy itself that each director, the CEO and the executive officers are:
 - (i) performing their duties ethically;
 - (ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
 - (iii) fostering a culture of integrity throughout the Corporation; and
- (c) arrange, on the advice of the Disclosure Committee, for the Governance Documents to be publicly disclosed.

10. The Board is responsible, with the assistance of the Disclosure Committee, to:

- (a) approve and implement a disclosure policy which provides for disclosure and communications practices governing the Corporation; and
- (b) approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.

11. The Board is responsible for:

- (a) reviewing departures from the Code;
- (b) providing or denying waivers from the Code; and
- (c) disclosing departures from the Code including by filing required material change reports for material departures from the Code containing:
 - (i) the date of the departure;
 - (ii) the parties involved;
 - (iii) the reason why the Board has or has not sanctioned the departure; and

(iv) any measures taken to address or remedy the departure.

12. The Board has the duty to:

- (a) adopt a strategic planning process for increasing shareholder value, annually approve a strategic plan, and regularly monitor the Corporation's performance against its strategic plan;
- (b) approve capital and operating budgets to implement the strategic plan;
- (c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and
- (d) evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

13. The Board has the duty to:

- (a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
- (b) together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
 - (i) disclosure controls and procedures;
 - (ii) internal controls over financial reporting; and
 - (iii) management information systems.

14. The Board has the duty to:

- (a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
 - (i) interim and annual financial statements and notes thereto;
 - (ii) managements' discussion and analysis of financial condition and results of operations;
 - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (iv) forecasted financial information and forward looking statements; and
 - (v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
- (b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.

15. The Board has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

16. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.